

ANNEX EEE

LONG RANGE RECOVERY PERMANENT HOUSING

A. PURPOSE

This annex describes programs that provide assistance in repairing or reconstructing permanent housing, without a Presidential declaration. Also included are programs that aid families or individuals in securing permanent rental accommodations. Section B describes those programs that are strictly for families or individuals. Section C outlines programs to which builders, developers, lenders or other private and public groups may apply. In all buildings except one and two family dwellings, the State Fire Marshal enforces the State Fire Code.

B. ASSISTANCE TO FAMILIES AND INDIVIDUALS

The U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture—Rural Development, Rural Housing Service (USDA-RHS) have programs which insure a major portion of mortgage loans to encourage approved lenders to make loans for lower income households.

Individuals or families apply to an approved lender who, in turn, submits the application to the Department of U.S. Housing and Urban Development.

1. Multifamily Home Mortgage Insurance:

a. Authority:

National Housing Act of 1934, Section 203 (b) and (i), (PL 73-479) (HUD)

b. Type of Assistance:

Guaranteed/insured loans to finance the acquisition of proposed, under construction or existing single-family units. Homebuyers are permitted to make a low down payment. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

Any person able to meet the cash investment, the mortgage payments, and credit requirements.

2. Special Mortgage Insurance For Low And Moderate Income Families:
 - a. Authority:

National Housing Act of 1934 (PL 73-479), as amended by Section 123 and Section 221 (d) (2) of the Housing Act of 1954 (PL 83-560). (HUD)
 - b. Type of Assistance:

Mortgage insurance for low and moderate-income families. The program can be used to finance rehabilitation of sub-standard properties. NOTE: No funds available, only insures loans made by others.
 - c. Eligible Applicants:

Anyone may apply; displaced households qualify for special terms.
3. Co-insurance:
 - a. Authority:

National Housing Act of 1934, Section 244, as added by the Housing and Community Development Act of 1974, Section 307. (HUD)
 - b. Type of Assistance:

Joint mortgage insurance by the Federal Government and private lenders to facilitate homeownership financing. NOTE: No funds available, only insures loans made by others.
 - c. Eligible Applicants:

Everyone eligible for mortgage insurance under the full insurance programs may apply for co-insured loans to lenders approved by HUD as co-insurers. The co-insuring lender, (any mortgagee approved by FSA), based upon the characteristics of the property and the credit qualifications of the borrower, determines whether to make the loan.
 - d. Requirement:

HUD offers an additional and optional method of insuring lenders against losses that they make to finance the purchase of one-to-four-family homes. In return for the right to expedite preliminary processing procedures by performing them himself, the lender assumes responsibility for a portion of the risk and may retain a portion of the insurance premium. Thus, co-

insurance is expected to result in faster service to the buyer and to improve quality of loan origination and servicing.

4. Manufactured Home (Mobile) Loan Insurance to Finance Purchases of Mobile Home:

a. Authority:

National Housing Act, Title 1, Section 2. (HUD)

b. Type of Assistance:

To make possible reasonable financing of mobile home purchases. Provided private lending institutions with federal insurance when they make loans for the purchase of mobile homes to be used as primary residences. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

All families are eligible to apply.

d. Requirements:

The mobile home must be at least 10 feet wide and 40 feet long. Assurance must be given that the unit will be placed on a site which complies with FSA standards and with local zoning requirements.

5. Major Home Improvements Loan Insurance:

a. Authority:

National Housing Act of 1934, Section 203 (K) (PL 73-479) (HUD)

b. Type of Assistance:

Federal insurance of loans to help families repair or improve existing residential structures outside urban renewal areas. The program provides for long-term insured mortgage financing of major improvements or alterations to structures containing up to four family units. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

Any owner of the property to be improved or the lessee under a 99-year renewable lease or a lease having expiration date at least ten years beyond the maturity date of the mortgage.

d. Requirements:

The maximum loan amount is \$12,000 per family unit, with an additional allowance for high cost areas. To qualify for loan insurance, the property must be at least ten years old unless the mortgage proceeds are to be used for major structural improvements, correcting recent faults or repairing casualty damage.

The interest rate is updated periodically. Mortgage term is 20 years or 3/4 of the remaining economic life of the property, whichever is less.

6. Home Improvement Loan Insurance:

a. Authority:

National Housing Act of 1934; Title 1, Section 2 (PL 73-479), as amended by Housing Act of 1956 (PL 84-1020). (HUD)

b. Type of Assistance:

Federal insurance for major and minor home improvements. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

Property owners or tenants whose leases are at least 6 months longer than the loan term.

7. USDA Rural Development – Rural Housing Service (RHS) Home Ownership Loans:

a. Authority.

Housing Act of 1949, Section 502, as amended

b. Type of Assistance:

Loans for the purchase, construction, rehabilitation, or relocation of a dwelling and related facilities for low or moderate income persons in rural areas. RHS can help subsidize monthly mortgage payments, limiting these costs to no more than 30 percent of the adjusted monthly income of the applicant. For persons with somewhat more income, guaranteed rural housing loans may be available.

c. Eligible Applicants:

Persons must have dependable income and repayment ability and must have a credit history that indicates a reasonable willingness to meet obligations as they become due. Applicants must also be citizens of the U.S. or reside in the U.S. after having been legally admitted for permanent residence.

8. USDA Rural Development – Rural Housing Service (RHS) Very Low Income Housing Repair Loans and Grants:

a. Authority:

Housing Act of 1949, Section 504, as amended; (PL 89-117; PL 89-754; PL 92-310).

b. Type of Assistance:

Home improvement and repair loans and grants enable very-low and low-income rural homeowners to remove health and safety hazards from their homes and to make homes accessible for people with disabilities. Grants are available for people 62 years old and older who cannot afford to repay the part of the assistance received as a loan.

c. Eligible Applicants:

An applicant must own and occupy a home in a rural area, be without sufficient income to qualify for a Section 502 loan, have sufficient income to repay the loan, and be a citizen of the U.S. or reside in the U.S. after having been legally admitted for permanent residence.

Grant recipients must be 62 years of age or older and be unable to repay the part of the assistance received as a loan.

C. ASSISTANCE TO PUBLIC AND PRIVATE AGENCIES OR ORGANIZATIONS

Many of the following programs are designed to assist individuals, but must be administered by a local public or quasi-public body.

The U.S. Department of Housing and Urban Development and the Farm Service Agency (FSA) offer a variety of assistance that is described under each program.

1. Basic Multifamily Rental Housing Insurance:

a. Authority:

National Housing Act of 1934, Section 207 (PL 73-479), as amended.
(HUD)

b. Type of Assistance:

FSA insured mortgages by private lending institutions to finance the construction or rehabilitation of multifamily rental housing by private or public developers. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

Investors, builders, developers and individuals who meet FSA requirements may apply for funds to an FSA approved lending institution. No income requirements for tenant occupants.

Beneficiary: All families meeting FSA requirements are eligible.

2. Mortgage Insurance of Moderate Income Housing Projects:

a. Authority:

National Housing Act, Section 221, as amended by the Housing Act of 1959 (PL 86-372). (HUD)

b. Type of Assistance:

Guaranteed/insured loans to assist in the financing of multi-family projects designed to provide rental housing for moderate-income families. NOTE: No funds available, only insures loans made by others.

c. Eligible Applicants:

Any profit motivated sponsor.

Beneficiary: All families are eligible. Occupancy is not restricted by income limits, except in the case of tenants receiving subsidy.

d. Requirements:

The principal differences between Section 221 (d) (3) and Section 221 (d) (4) are: HUD will insure 100 percent of project value under Section 221 (d) (3) but 90 percent under 221 (d) (4); and nonprofit (or limited-dividend or cooperative) organizations may qualify for 221 (d) (3) mortgages, while 221 (d) (4) mortgages are reserved for profit-motivated. sponsors.

3. Low Income Housing Assistance Program:

- a. Authority:

Housing Act of 1937, as amended. (HUD)
 - b. Type of Assistance:

Direct loans and project grants to provide housing and related facilities for low-income families through authorized public housing agency ownership.
 - c. Eligible Applicants:

Public housing agencies established by a local government in accordance with State law or authorized public agencies.

Beneficiary: Low-income families. Elderly, disabled, handicapped or displaced individuals are also eligible.
 - d. Application Procedure:

Execution of Cooperative Agreement between local government and local public agency. HUD Regional and Area Offices transmit a copy of the initial application to the appropriate State clearinghouses and metropolitan or regional clearinghouses.
4. Housing for the Elderly and Handicapped:
- a. Authority:

National Housing Act, Section 231, as amended in 1959 by PL 86-372. (HUD)
 - b. Type of Assistance:

Insured mortgages to build or rehabilitate multifamily projects of eight or more units to provide rental housing suited to the needs of the elderly or handicapped. NOTE: No funds available, only insures loans made by others.
 - c. Eligible Applicants:

Eligible mortgagors are individuals, partnerships, corporations, including nonprofit and public mortgagors.
5. Community Development Block Grants:

a. Authority:

Housing and Community Development Act of 1974, Title I (PL 93-383), as amended by Title I of Housing and Community Development Act of 1977 (PL 95-128). (HUD)

b. Type of Assistance:

"Block " grants to local governments to fund a wide variety of community development activities, many of which are housing-related.

c. Eligible Applicants:

Metropolitan cities and qualified urban counties are guaranteed an amount called an "entitlement". It is based on need, objectively calculated by a formula that takes into account population, poverty, overcrowded housing, age of housing growth lag. Smaller communities compete for the remaining ("discretionary") funds. However, local governments that participated in certain categorical grant programs, but do not qualify for an equivalent block grant, are "held harmless" for three years, i.e., they are funded at the same average level in order to complete projects already under way. After the three years, hold-harmless recipients are funded at two-thirds of the excess of hold-harmless over formula amount for one year and then one-third of the excess for the next year.

d. Requirements:

Spending priorities are determined at the local level, but the law enumerates general objectives which the block grants are designed to fulfill, including adequate housing, a suitable living environment and expanded economic opportunities for lower-income housing needs and address them in the overall community development plan they submit to receive their grant.

6. Urban Development Action Grants:

a. Authority:

Housing and Community Development Act of 1977, Section 119 (PL 95-128). (HUD)

b. Type of Assistance:

Grants assist distressed cities and urban counties to strengthen their economic, employment and tax bases through a combination of public and private investments in economic development projects.

c. Eligible Applicants:

Cities--including those participating in the Community Development Block Grant Program in cooperation with urban counties, provided that they (1) have demonstrated ongoing results in providing housing for low and moderate income persons and members of minority groups, and (2) have met minimum criteria that indicate physical and economic distress. These criteria include the age of the housing stock, per capita income, population outmigration, unemployment, poverty, and job lag in retailing and manufacturing.

7. USDA Rural Development (RHS) Rural Housing Site Loans:

a. Authority:

Housing Act of 1949, as amended, Section 523 and Section 524 (PL 89-117 and PL 89-745). (USDA-RHS)

b. Type of Assistance:

Direct and insured loans to assist public bodies and private-non-profit organizations in purchasing and developing building sites, including the construction of essential access roads, streets and utilities.

c. Eligible Applicants:

A private or public-nonprofit organization that will provide the developed sites to qualified borrowers on a nonprofit basis in towns of 10,000 population under certain circumstances.

Beneficiary: Families with low and moderate incomes who qualify for USDA Rural Development-RHS loan.

d. Requirements:

The sites must be sold to low and moderate income families who qualify for RHS loan to non-profit organizations eligible for a rural rental loan. The interest rate is the same as RHS housing loans.

8. Rural Rental Program:

a. Authority:

Housing Act of 1949, Sections 515 and 521, as amended (PL 89-117).

b. Type of Assistance:

Insured direct loans to provide rental housing in rural areas.

c. Eligible Applicants:

Profit and nonprofit sponsors - individuals, corporations and public bodies.